

March 2010 Analysis of Revenue Collections

March Revenues

March marked the end of the third quarter of the fiscal year. Department of Revenue tracked tax collections were down \$1.34 billion or -11.5% year to date. Individual categories year to date are as follows:

- Income taxes were down \$670 million or -11.8%.
- Sales and Use Tax collections decreased by \$541 million or -13.3%.
- Corporate Income Tax collections decreased \$49 million or -10.2%.
- Total Motor Fuel Tax collections declined \$85 million or -10.9%.

Revenue Trajectory

March brought lukewarm news in terms of revenue collections. Overall month over month collections were up 1.0% or \$10.3 million. This is not a definitive sign of recovery (because it is a relatively small amount compared to total collections), but does mark the first time in 15 months that the state has seen positive month over month collections. As in prior months, March continued to track at 2004/2005 collection levels.

Even better news than positive growth in month over month collections is the fact that the state did not add to the budget shortfall. As of March, the state is still below the Governor's \$1.698 projected shortfall (see Table 1). But for the remaining three months, **the state can only afford to lose \$55 million more and still make budget.**

| Table 1: FY2010 Estimated Shortfall | |
|---|-------------------------|
| | DOR Tracked |
| FY09 Revenues YTD | \$11,593,506,000 |
| FY10 Revenues YTD | \$10,255,619,000 |
| Revenue Deficit | -\$1,337,887,000 |
| Growth Built into FY10 General Estimate (Over FY09) That Will Not Be Realized | -\$304,116,664 |
| Estimated FY2010 Amd. Shortfall | -\$1,642,003,664 |
| | |
| FY10A Governor Estimated Shortfall | -\$1,697,408,477 |
| Difference from Estimated FY10 Amd. Shortfall | \$55,404,813 |

Reserves

Currently, the state has \$103.6 million in reserves that have not been committed in the FY10 budget. This is the equivalent of about 2½ days of state operations. In FY2009 the state had 19 days of operations in reserves and in FY2008 it was 31 days.